

March 17, 2004

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, S.W.  
Room TWB-204  
Washington, D.C. 20554

Dear Ms. Dortch:

**Re: Ex Parte:**


**In re: Application of GTE Corp. and Bell Atlantic Corporation For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184**

The enclosed materials are being filed pursuant to Verizon Communications Inc.'s ("Verizon") obligations under Appendix D, Section XXII, Paragraph 56(e) of the above referenced docket to obtain independent examinations of its compliance with the merger conditions and its controls over compliance with the merger conditions. The accompanying material includes:

- Independent Accountants' Report on the Effectiveness of Internal Control Over Compliance with the Specified Merger Conditions, as defined
- Report of Management on the Effectiveness of Controls over Compliance with Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV, XXV
- Independent Accountants' Report on Compliance with Specified Merger Conditions, as defined
- Report of Management on Compliance with Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV, XXV

Please place a copy of the attached independent accountants' reports in the Ex Parte file of the above referenced proceeding.

Very truly yours,



Enclosures

cc: Mr. H. Boyle  
Ms. H. DeNigro  
Ms. M. Savir  
Mr. P. Young  
Mr. J. Ward

## INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors  
Verizon Communications Inc.

We have examined the effectiveness of Verizon Communications Inc.'s (the "Company" or "Verizon") internal control over compliance with the following conditions set forth in Appendix D of the Federal Communications Commission's (the "FCC") Memorandum Opinion and Order in Common Carrier Docket No. 98-184<sup>1</sup> approving the Bell Atlantic/GTE Merger (the "Merger Order"):

Condition X, *Multi-State Interconnection and Resale Agreements*, which terminated on July 17, 2003, except for the requirement to offer a generic interconnection agreement, which terminated on August 29, 2003;

Condition VII, *OSS Assistance to Qualifying CLECs*, which terminated on September 28, 2003; and

Condition IV, *Non-discriminatory Rollout of xDSL Services*, Condition VI, *Uniform and Enhanced OSS and Advanced Services*, Condition XI, *Carrier-to-Carrier Promotions: Unbundled Loop Discount*, Condition XII, *Carrier-to-Carrier Promotions: Resale Discount*, Condition XVII, *InterLATA Services Pricing*, Condition XVIII, *Enhanced Lifeline Plans*, Condition XXI, *Compliance Program*, Condition XXII, *Independent Auditor*, Condition XXIII, *Enforcement*, Condition XXIV, *Sunset*, and Condition XXV, *Effect of Conditions*

(the "Specified Merger Conditions"), for the period from January 1, 2003 through the earlier of the respective date of termination referenced above or December 31, 2003, based on the criteria for effective internal control over compliance established in the Merger Order. We also examined management's assertion included in the accompanying Report of Management on the Effectiveness of Controls Over Compliance with Specified Merger Conditions. Verizon management is responsible for maintaining effective internal control over compliance with the Merger Conditions and its assertion thereon. Our responsibility is to express an opinion of the effectiveness of internal control over compliance with the Specified Merger Conditions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included obtaining an understanding of the internal control over compliance with the Specified Merger Conditions, testing, and evaluating the design and operating effectiveness of the internal control and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

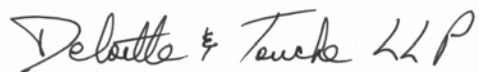
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<sup>1</sup> Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221 (rel. June 16, 2000).

Because of inherent limitations in any internal control, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control over compliance with the Specified Merger Conditions to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained effective internal control over compliance with the Specified Merger Conditions during the period from January 1, 2003 through the earlier of the respective termination date for each condition referenced above or December 31, 2003 based on the criteria established in the Merger Order.

This report is intended solely for the information and use of the management of the Company and the FCC and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

March 11, 2004

Jeffrey Wm Ward  
Senior Vice President  
Regulatory Compliance



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**Report of Management on the Effectiveness of Controls over Compliance with  
Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV,  
XXV**

March 11, 2004

Management of Verizon Communications Inc. (“Verizon” or the “Company”<sup>1</sup>) is responsible for ensuring that Verizon complies with the conditions set forth in Appendix D (“the Merger Conditions”) of the Federal Communications Commission’s (“FCC’s”) Memorandum Opinion and Order in CC Docket No. 98-184 approving the Bell Atlantic/GTE Merger.<sup>2</sup> Management’s assertions that follow relate to compliance with Condition IV (Non-Discriminatory Rollout of xDSL Services), Condition VI (Uniform and Enhanced OSS and Advanced Services OSS), Condition VII (OSS Assistance to Qualifying CLECs), Condition X (Multi-State Interconnection and Resale Agreements), Condition XI (Carrier-to-Carrier Promotions: Unbundled Loop Discount), Condition XII (Carrier-to-Carrier Promotions: Resale Discount), Condition XVII (InterLATA Services Pricing), Condition XVIII (Enhanced Lifeline Plans), Condition XXI (Compliance Program), Condition XXII (Independent Auditor), Condition XXIII (Enforcement),

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<sup>1</sup> The word “Company” or “Companies” used throughout this assertion refers to the Verizon telephone companies operating as incumbent local exchange carriers (“ILECs”), collectively as follows: Contel of the South, Inc. d/b/a Verizon Mid-States, GTE Midwest Incorporated d/b/a Verizon Midwest, GTE Southwest Incorporated d/b/a Verizon Southwest, The Micronesian Telecommunications Corporation, Verizon California Inc., Verizon Delaware Inc., Verizon Florida Inc., Verizon Hawaii Inc., Verizon Maryland Inc., Verizon New England Inc., Verizon New Jersey Inc., Verizon New York Inc., Verizon North Inc., Verizon Northwest Inc., Verizon Pennsylvania Inc., Verizon South Inc., Verizon Virginia Inc., Verizon Washington, DC Inc., Verizon West Coast Inc., Verizon West Virginia Inc., provided that, with regard to the Micronesian Telecommunications Corporation, these assertions only apply to Merger Conditions IV, XVII, XXI, XXII, XXIII, XXIV, and XXV (see Merger Conditions, n.3).

<sup>2</sup> *Application of GTE Corp. and Bell Atlantic Corp. for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221 (rel. June 16, 2000).

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Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV,  
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March 11, 2004

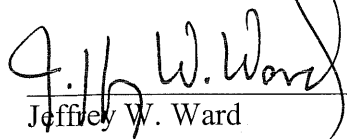
Condition XXIV (Sunset), and Condition XXV (Effect of the Conditions) as set forth in Appendix D (the "Covered Merger Conditions")<sup>3</sup>.

The Company's internal controls have been designed to comply with the Merger Conditions. There are inherent limitations in any control, including the possibility of human error and the circumvention or overriding of the internal controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to the achievement of the objectives of internal controls. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

The Company has determined that the objective of the internal controls with respect to compliance with the Covered Merger Conditions is to provide reasonable, but not absolute, assurance that compliance has been achieved.

The Company has assessed its internal controls over compliance with the Covered Merger Conditions. Based on this assessment, the Company asserts that for the year ended December 31, 2003, its internal controls over compliance with the Covered Merger Conditions were effective in providing reasonable assurance that the Company has complied with the Covered Merger Conditions.

Verizon Communications Inc.

  
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Jeffrey W. Ward

Senior Vice President - Regulatory Compliance  
March 11, 2004

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<sup>3</sup> This report does not address immaterial matters, including those immaterial matters in Verizon's Annual Compliance Report filed with the FCC on March 11, 2004.

## INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors  
Verizon Communications Inc.

We have examined Verizon Communications Inc.'s (the "Company" or "Verizon") compliance, during the period from January 1, 2003 through the earlier of the respective date of termination referenced below or December 31, 2003, with the following conditions set forth in Appendix D of the Federal Communications Commission's (the "FCC") Memorandum Opinion and Order in Common Carrier Docket No. 98-184<sup>1</sup> approving the Bell Atlantic/GTE Merger:

Condition X, *Multi-State Interconnection and Resale Agreements*, which terminated on July 17, 2003, except for the requirement to offer a generic interconnection agreement, which terminated on August 29, 2003;

Condition VII, *OSS Assistance to Qualifying CLECs*, which terminated on September 28, 2003; and

Condition IV, *Non-discriminatory Rollout of xDSL Services*, Condition VI, *Uniform and Enhanced OSS and Advanced Services*, Condition XI, *Carrier-to-Carrier Promotions: Unbundled Loop Discount*, Condition XII, *Carrier-to-Carrier Promotions: Resale Discount*, Condition XVII, *InterLATA Services Pricing*, Condition XVIII, *Enhanced Lifeline Plans*, Condition XXI, *Compliance Program*, Condition XXII, *Independent Auditor*, Condition XXIII, *Enforcement*, Condition XXIV, *Sunset*, and Condition XXV, *Effect of Conditions*, including the requirements of Conditions XXI and XXII to the extent that it relates to the accuracy of the Company's annual compliance report for the year ended December 31, 2003; and

Providing the FCC with timely and accurate notices pursuant to specific notification requirements relating to such conditions,

(the "Specified Merger Conditions"). We also examined management's assertion included in the accompanying Report of Management on Compliance with the Specified Merger Conditions. Management is responsible for the Company's compliance with the Merger Conditions and its assertion thereon. Our responsibility is to express an opinion on the Company's compliance with the Specified Merger Conditions based on our examination.

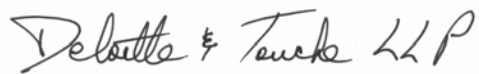
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<sup>1</sup> *Application of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License*, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221 (rel. June 16, 2000).

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Company's compliance with the Specified Merger Conditions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, the Company complied, in all material respects, with the Specified Merger Conditions during the period from January 1, 2003 through the earlier of the respective date of termination referenced above or December 31, 2003, including the requirements to file an accurate annual compliance report for the year ended December 31, 2003 and to provide the FCC with timely and accurate notices pursuant to specific notification requirements relating to the Specified Merger Conditions for such period.

This report is intended solely for the information and use of the management of the Company and the FCC and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Deloitte & Touche LLP". The signature is written in dark ink and is positioned above the date.

March 11, 2004

Jeffrey Wm Ward  
Senior Vice President  
Regulatory Compliance



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## **Report of Management on Compliance with Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV, XXV**

March 11, 2004

Management of Verizon Communications Inc. ("Verizon" or the "Company"<sup>1</sup>) is responsible for ensuring that Verizon complies with the conditions set forth in Appendix D ("the Merger Conditions") of the Federal Communications Commission's ("FCC's") Memorandum Opinion and Order in CC Docket No. 98-184 approving the Bell Atlantic/GTE Merger.<sup>2</sup> Management's assertions that follow relate to compliance with Condition IV (Non-Discriminatory Rollout of xDSL Services), Condition VI (Uniform and Enhanced OSS and Advanced Services OSS), Condition VII (OSS Assistance to Qualifying CLECs), Condition X (Multi-State Interconnection and Resale Agreements), Condition XI (Carrier-to-Carrier Promotions: Unbundled Loop Discount), Condition XII (Carrier-to-Carrier Promotions: Resale Discount), Condition XVII (InterLATA Services Pricing), Condition XVIII (Enhanced Lifeline Plans), Condition XXI (Compliance Program), Condition XXII (Independent Auditor), Condition XXIII (Enforcement),

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<sup>2</sup> Application of GTE Corp. and Bell Atlantic Corp. for Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184, Memorandum Opinion and Order, FCC 00-221 (rel. June 16, 2000).



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Condition XXIV (Sunset), and Condition XXV (Effect of the Conditions) as set forth in Appendix D (the “Covered Merger Conditions”)<sup>3</sup>.

Management has performed an evaluation of Verizon’s compliance with the requirements of the Covered Merger Conditions for the year ended December 31, 2003 (the “Evaluation Period”). Based on this evaluation, we assert that, during the Evaluation Period, Verizon has complied with all requirements of the Covered Merger Conditions in all material respects as described below. In addition, Verizon provides the following information regarding compliance with the Merger Conditions.

### **Promoting Equitable and Efficient Advanced Services Deployment**

#### I. Separate Affiliate for Advanced Services

As provided in paragraph 57 of the Merger Conditions, compliance with this condition is addressed in a separate agreed-upon procedure engagement performed by Mitchell & Titus, LLP.

#### II. Discounted Surrogate Line Sharing Charges

Verizon’s compliance with this condition was included in the Company’s October 17, 2003 assertions.

#### III. Loop Conditioning Charges and Cost Studies

Verizon’s compliance with this condition was included in the Company’s October 17, 2003 assertions.

#### IV. Non-discriminatory Rollout of xDSL Services

Verizon complied with the requirements of this condition as described herein. In particular:

- a. In each state where xDSL had been deployed in at least 20 urban wire centers, at least 10% of the wire centers Verizon deployed were from the Low Income Urban Pool, and in each state where xDSL had been deployed in at least 20 rural wire centers, at least 10% of the wire centers Verizon deployed were from the Low Income Rural Pool.

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<sup>3</sup> This report does not address immaterial matters, including those immaterial matters in Verizon’s Annual Compliance Report filed with the FCC on March 11, 2004.

**Report of Management on Compliance with Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV, XXV**

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- b. Verizon filed the 2003 quarterly status reports demonstrating compliance with this condition on April 30, 2003, July 31, 2003, October 30, 2003, and February 27, 2004. Verizon filed minor corrections to the first, second and third quarter 2003 reports with the fourth quarter 2003 filing.
- c. The condition sunset on December 31, 2003 in states which had met the 20 urban or rural wire center threshold prior to the first status report being filed on January 31, 2001. In states where the 20 urban or rural wire center threshold was met between January 1, 2001 and June 30, 2003, the condition will sunset 36 months from the date that the threshold was met.
- d. In a letter filed with the FCC on November 14, 2003, Verizon requested that the Enforcement Bureau issue an interpretation of Condition IV to recognize that it sunset on June 30, 2003 in all states where xDSL service was not deployed in 20 urban or rural wire centers by that date. In a Memorandum Opinion and Order released February 12, 2004, the FCC concluded that the Merger Conditions enable Verizon to sunset this condition in all states where xDSL was not deployed in 20 urban or rural wire centers by June 30, 2003.

**Ensuring Open Local Markets**

V. Carrier-to-Carrier Performance Plan (Including Performance Measurements)

Compliance with this condition is addressed in a separate engagement performed by Ernst & Young LLP.

VI. Uniform and Enhanced Operational Support Systems and Advanced Services Operational Support Systems

The Company complied with the requirements of this condition in the following manner:

- a. The Company continued to provide in each Bell Atlantic and GTE state the Bell Atlantic change management process originally developed as part of the New York Proceeding and approved by the appropriate state commissions. The Company offered to include a commitment to follow the uniform change management process in its interconnection agreements with CLECs.
- b. Uniform transport and security protocols continued to be offered across the merged Bell Atlantic and GTE service areas.
- c. All of the electronic bonding interface requirements sunset during 2002. Requirements related to the offering of electronic bonding interface sunset on December 31, 2002. One carrier continued negotiations for electronic bonding interface after December 31, 2002, but subsequently requested to terminate those negotiations.

**Report of Management on Compliance with Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV, XXV**

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- d. By June 30, 2003, the Company implemented uniform electronic OSS interfaces and business rules between the former Bell Atlantic and the former GTE service areas in Pennsylvania and Virginia for at least 60% of the obligated access lines in Pennsylvania and Virginia.
- e. The changes made to the OSS interfaces and business rules specified in the Plan of Record (POR) as a result of the collaborative process in the Bell Atlantic Service Areas and the GTE Service Areas or as modified pursuant to Verizon's change management process continued to be available.
- f. The OSS functions and product ordering capabilities specified in the POR or as modified pursuant to Verizon's change management process continued to be offered in the Bell Atlantic and GTE service areas. As described in paragraph 64 of the Merger Conditions, the changes made per the POR sunset 36 months after implementation. Accordingly, the following portions of the POR have sunset:
  - 1) In the former Bell Atlantic service areas, the ordering functions outlined in Attachment B-1 of the Merger Order, which were not in place at merger close, sunset in 2003. Specifically, the Electronic Jeopardy Notification and the Line Loss Report –Electronic Data Interchange sunset on October 15, 2003.
  - 2) In the former Bell Atlantic service areas, the products outlined in Attachment B-2 of the Merger Order, which were not available at merger close, sunset in 2003. Specifically, Unbundled Network Element Network Interface Device sunset on October 15, 2003, and Integrated Digital Subscriber Line sunset on October 22, 2003.
  - 3) In the former GTE service areas, the pre-ordering functions outlined in Attachment B-1 of the Merger Order which were not in place at merger close sunset in 2003. Specifically, the Customer Service Request (CSR) (parsed) via EDI, Common Object Request Broker Architecture (CORBA), and WebGUI and the Loop Qualification xDSL via CORBA and EDI sunset on December 4, 2003.
- g. On January 31, 2003, VZ filed an ex parte with the FCC certifying that its advanced services affiliate in New Jersey is using the same OSS interfaces as non-affiliates for pre-ordering and ordering unbundled network elements used to provide xDSL and other advanced services. Verizon terminated the discount in New Jersey accordingly. The advanced services discount had been terminated in all other states prior to January 1, 2003.

VII. OSS Assistance to Qualifying Competitive Local Exchange Carriers

The Company complied with the requirements of this condition by assisting qualifying telecommunications carriers in using the Company's operating support systems. The Company informed telecommunications carriers of the self-certification process allowing telecommunications carriers to assert that they qualify for assistance and of the

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availability, free of charge, of OSS expert teams. In addition, the Company made available OSS support teams, provided web-based training, and held training workshops to discuss training and procedures that would be beneficial to qualifying telecommunications carriers. The Company provided notice of such training and procedures to qualifying Competitive Local Exchange Carriers on the Verizon Wholesale Website.

This condition sunset on September 28, 2003, 36 months after the date the OSS expert teams were designated and first made available.

VIII. Collocation, Unbundled Network Elements and Line Sharing Compliance

Verizon's compliance with this condition was included in the Company's October 17, 2003 assertions.

IX. Most-Favored-Nation Provisions for Out-of-Region and In-Region Arrangements

Verizon's compliance with this condition was included in the Company's October 17, 2003 assertions.

X. Multi-State Interconnection and Resale Agreement

The Company complied with the requirements of this condition by making available a generic multi-state interconnection and resale agreement covering all Bell Atlantic/GTE service areas that was available, upon request, for negotiation to cover interconnection and resale agreements for any two or more states in the Verizon service area.

This condition sunset on July 17, 2003, 36 months after implementation, except for the requirement to offer a generic interconnection agreement, which sunset on August 29, 2003.

XI. Carrier-to-Carrier Promotions: Unbundled Loop Discount

The Company complied with the requirements of this condition by providing the required unbundled loop discounts to all carriers unless the carrier proactively chose not to accept the discount, in accordance with the Merger Conditions.

In limited circumstances, Verizon provided an incorrect discount amount or provided the discount outside the 60-day requirement. In some instances, the charges eligible for the discount were billed incorrectly. Verizon is taking appropriate corrective action.

**Report of Management on Compliance with Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV, XXV**  
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XII. Carrier-to-Carrier Promotions: Resale Discount

The Company complied with the requirements of this condition by providing the required resale discount to all carriers unless the carrier proactively chose not to accept the discount, in accordance with the Merger Conditions. Notification of the discount was posted on the Wholesale Internet Website and CLECs were notified, on a state-by-state basis, when 50%, 80%, and 100% of the maximum required number of resold loops was reached. Notifications were also provided to the FCC and state commissions when 100% thresholds were reached.

- a. On March 12, 2003, notification was sent to CLECs doing business in Indiana that 100% of the promotional resold lines specified in Attachment E to the Merger Conditions was met. On March 10, 2003, the Indiana Utility Regulatory Commission was provided notice. The FCC was provided notice on March 7, 2003.
- b. The following states reached 80% of the maximum quantity of promotional resold lines specified in Attachment E to the Merger Conditions and notifications were sent to CLECs operating in those states as follows: Delaware on May 6, 2003, and New Jersey on July 2, 2003.
- c. The following states reached 50% of the maximum quantity of promotional resold lines specified in Attachment E to the Merger Conditions and notifications were sent to CLECs operating in those state as follows: Virginia (former GTE) on February 3, 2003, Oregon on May 12, 2003, and Michigan on July 3, 2003.
- d. The offering window for this discount sunset on July 30, 2003, 36 months after commencement of the Offering Window for the promotion for those states which had not met 100% of the promotional resold lines specified in Attachment E to the Merger Conditions.
- e. In limited circumstances, Verizon provided an incorrect discount amount or provided the discount outside the 60-day requirement. In some instances, the charges eligible for the discount were billed incorrectly. Verizon is taking appropriate corrective action.

XIII. Offering of UNEs

Verizon's compliance with this condition was included in the Company's October 17, 2003 assertions.

XIV. Alternative Dispute Resolution through Mediation

Verizon's compliance with this condition was included in the Company's October 17, 2003 assertions.

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XV. Access to Cabling in Multi-Unit Properties

Verizon's compliance with this condition was included in the Company's October 17, 2003 assertions.

**Fostering Out-of-Territory Competitive Entry**

XVI. Out-of-Territory Competitive Entry

Compliance with this condition is addressed in a separate engagement performed by Ernst & Young LLP.

**Improving Residential Phone Service**

XVII. InterLATA Services Pricing

This condition sunset on June 30, 2003, 36 months after the merger close date for each Verizon subsidiary providing interLATA long distance service to wireline residential customers in Puerto Rico, Micronesia, and within the United States in former GTE states, except for the properties in Pennsylvania and Virginia.

This condition sunset for New York on January 3, 2003, 36 months after 271 authorization.

In the remaining former Bell Atlantic states (including Pennsylvania and Virginia), Verizon complied with the requirements of this condition by each Verizon subsidiary providing interLATA long distance service to wireline residential customers within the United States during 2003 continuing to have in effect an interLATA long distance offering that did not include mandatory, minimum monthly, or flat rate charges for interLATA service. Ongoing compliance includes each state for which Verizon secured 271 authorization during the evaluation period.

XVIII. Enhanced Lifeline Plans

The Company complied with the requirements of this condition by maintaining Enhanced Lifeline Plans in Delaware and Illinois that were comparable to the Ohio Universal Service Assistance Lifeline Plan in the areas of subscriber eligibility, discounts and eligible services.

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This condition sunset for Delaware on December 12, 2003, 36 months following the effective date of the initial tariff.

XIX. Additional Service Quality Reporting

Compliance with this condition is addressed in a separate engagement performed by Ernst & Young, LLP.

XX. NRIC Participation

Verizon's compliance with this condition was included in the Company's October 17, 2003 assertions.

**Ensuring Compliance with and Enforcement of These Conditions**

XXI. Compliance Program

Verizon complied with the requirements of this condition by providing accurate and timely reports to the FCC, as required by the condition, including its Annual Compliance Report that was filed on March 17, 2003, which disclosed issues known at that time.

A senior corporate officer appointed as Senior Vice President – Regulatory Compliance oversaw implementation of, and compliance with, the Merger Conditions. The Senior Vice President – Regulatory Compliance presented merger compliance status to the audit committee of the Verizon board of directors on April 23, 2003 and November 6, 2003. Verizon consulted with the FCC staff on an ongoing basis regarding Verizon's compliance. Verizon provided accurate and timely notices to the FCC and state public utilities commissions pursuant to specific notification requirements of the Merger Conditions. The relevant notices were provided to Deloitte & Touche LLP in a timely manner.

XXII. Independent Auditor

Verizon complied with the requirements of this condition by engaging independent auditors deemed acceptable to the FCC for the 2003 Merger audits as follows:

- a. Advanced Services agreed-upon procedures engagement – Mitchell & Titus, LLP.
- b. General Merger Conditions, V, XVI, and XIX – Ernst & Young LLP.

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c. All remaining General Merger Conditions – Deloitte & Touche LLP.

The auditors selected have not been instrumental during the past 24 months in designing all or substantially all of the systems and processes under examination in the attestation engagement.

The 2002 Advanced Services agreed-upon procedures report was filed on May 1, 2003. The 2002 General Merger Conditions audit report, exclusive of Conditions V, XVI, and XIX was filed with the FCC on May 1, 2003. The 2002 Genuity audit report was filed on May 23, 2003. The General Merger Conditions audit report for Conditions V, XVI, and XIX was filed on June 2, 2003. Work papers were made available at a Washington, D.C. location.

On May 15, 2003, Verizon, the FCC Audit Staff and Deloitte & Touche LLP met to confer regarding changes to the detailed audit program. On July 17, 2003, Verizon, the FCC Audit Staff, and Ernst & Young LLP met to confer regarding changes to the detailed audit program. The Company kept the FCC informed of matters required under the Merger Conditions. Verizon granted the independent auditors access to all books, records, operations, and personnel relevant to the conditions addressed in this report.

XXIII. Enforcement

There has been no determination by the Chief of the Enforcement Bureau that Verizon failed to comply with the Merger Conditions during the effective period of any condition. In accordance with Attachments A, A-3, A-4, A-5a, A-5b, A-6, A-7a, and A-7b of the Merger Conditions, Verizon made voluntary payments to the U.S. Treasury on March 25, 2003, April 25, 2003, May 27, 2003, June 25, 2003, July 25, 2003, August 25, 2003, September 25, 2003, October 27, 2003, November 25, 2003, December 24, 2003, January 26, 2004, and February 25, 2004, related to 2003 performance measurement requirements. Notices were provided to the FCC within five business days after such payments were made.

XXIV. Sunset

Merger Conditions II, III, VII, VIII, IX, X, XIII, XIV, XV, XVI, XIX, and XX sunset during 2003. In addition, portions of Merger Conditions IV, V, VI, XVII, and XVIII sunset during 2003. On March 24, 2003, the FCC issued an order stating that the requirements of Paragraph 53 expired on their own terms on July 24, 2002.



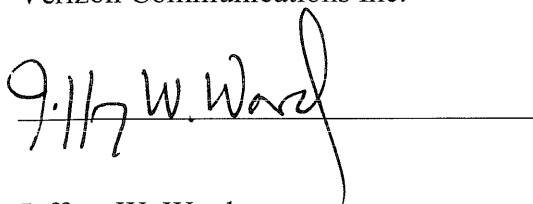
**Report of Management on Compliance with Merger Conditions IV, VI, VII, X, XI, XII, XVII, XVIII, XXI, XXII, XXIII, XXIV, XXV**

March 11, 2004

XXV. Effect of Conditions

Verizon followed the guidance of this condition in interpreting and applying the Merger Conditions and the relationship to state law.

Verizon Communications Inc.

A handwritten signature in black ink, appearing to read "J. W. Ward", is written over a horizontal line. The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

Jeffrey W. Ward

Senior Vice President - Regulatory Compliance

March 11, 2004